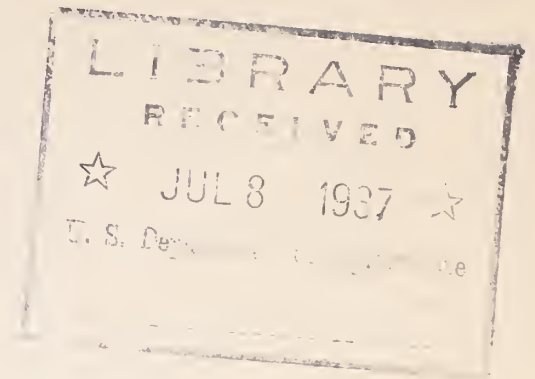


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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics



Charts

Relation of Butter Production and Purchasing
Power of Consumers to the Price of Butter

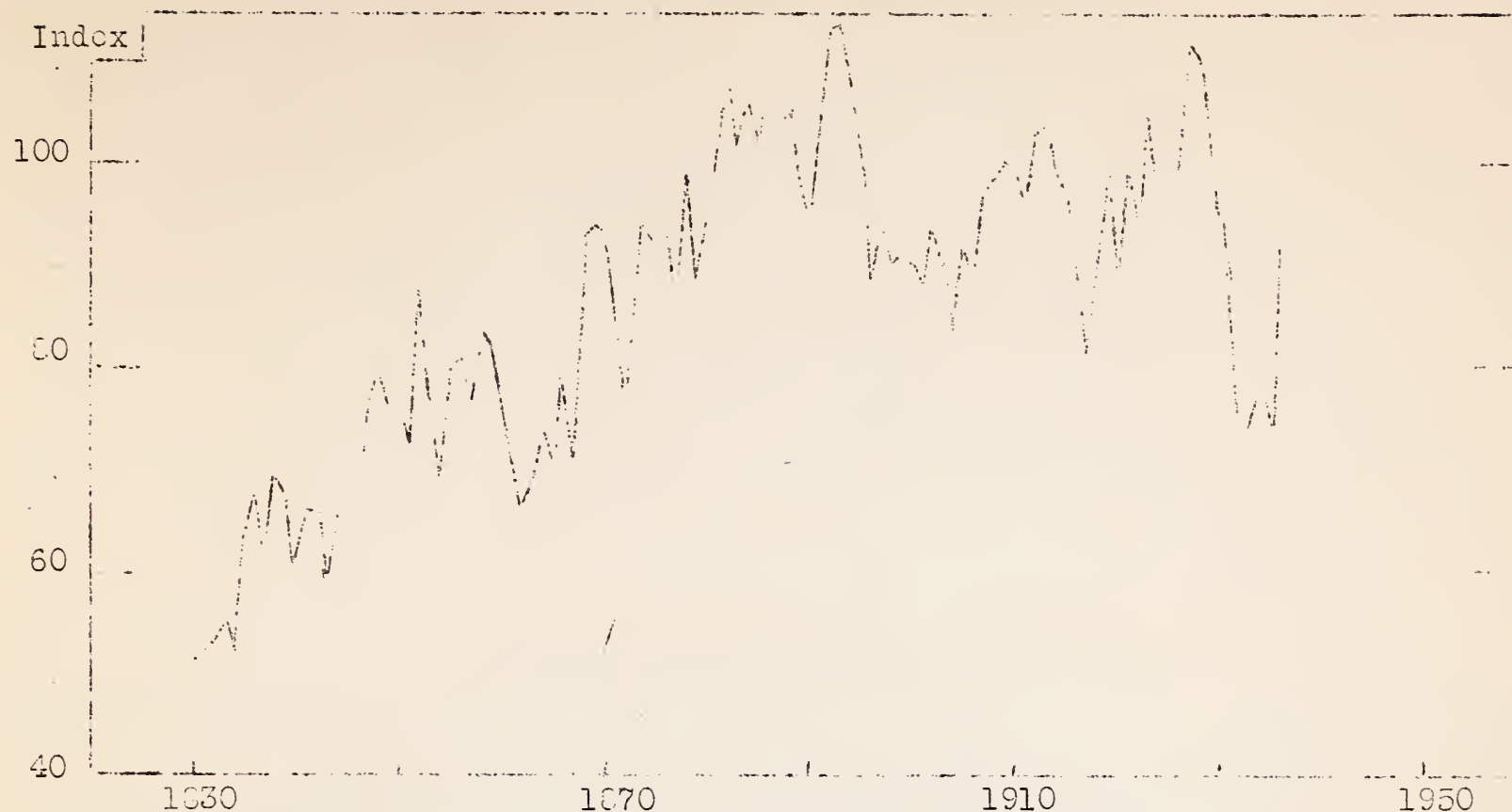
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Prepared by

E.E.VIAL *Stat & Econ Div.*

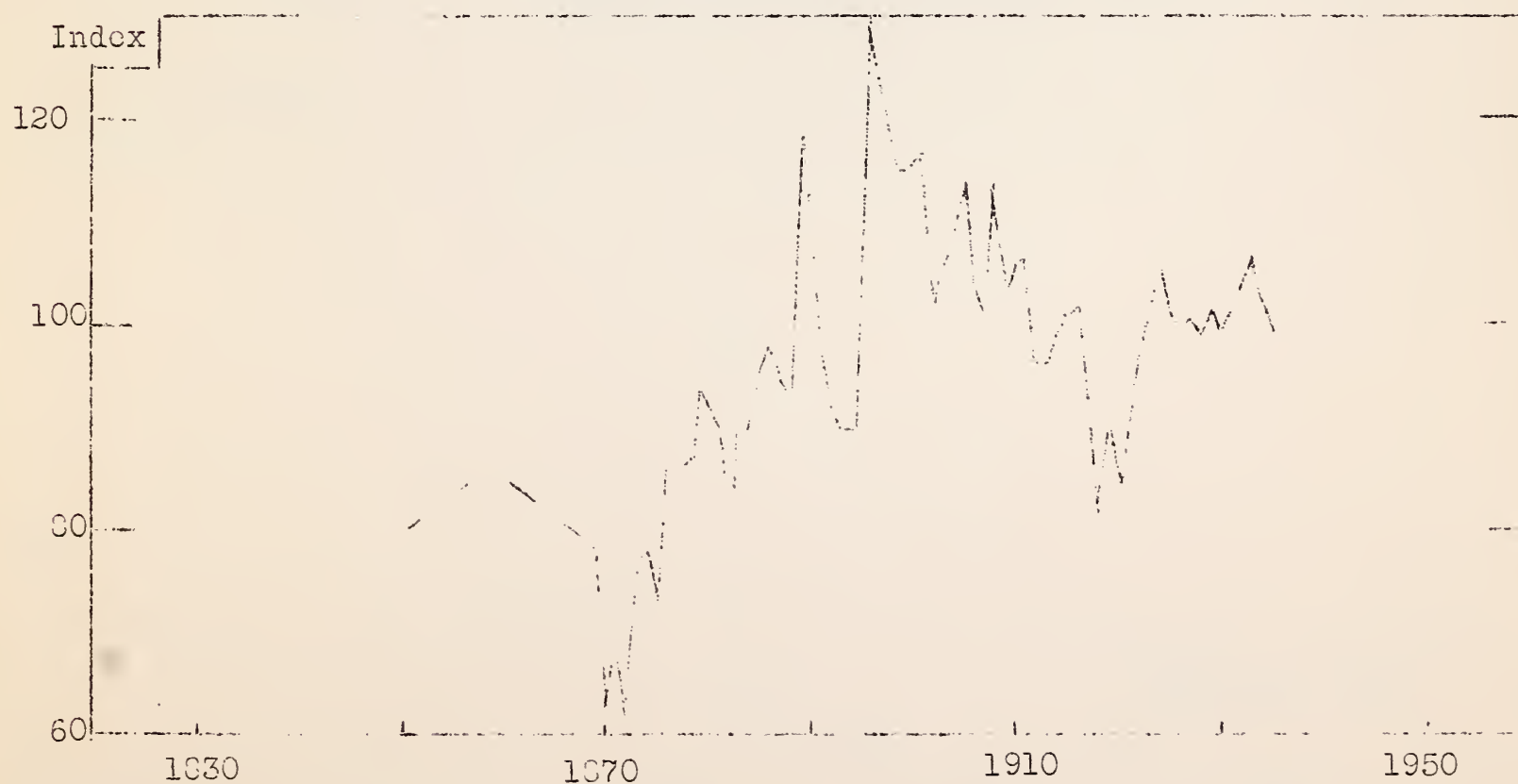
Washington, D. C.
May 1937

FIGURE 1.- PURCHASING POWER OF BUTTER IN TERMS OF ALL COMMODITIES,
1830-1936



Prior to the eighties the purchasing power of butter rose. During the last 55 years there has been no consistent tendency for butter prices to rise or fall in relation to the general level of commodity prices.

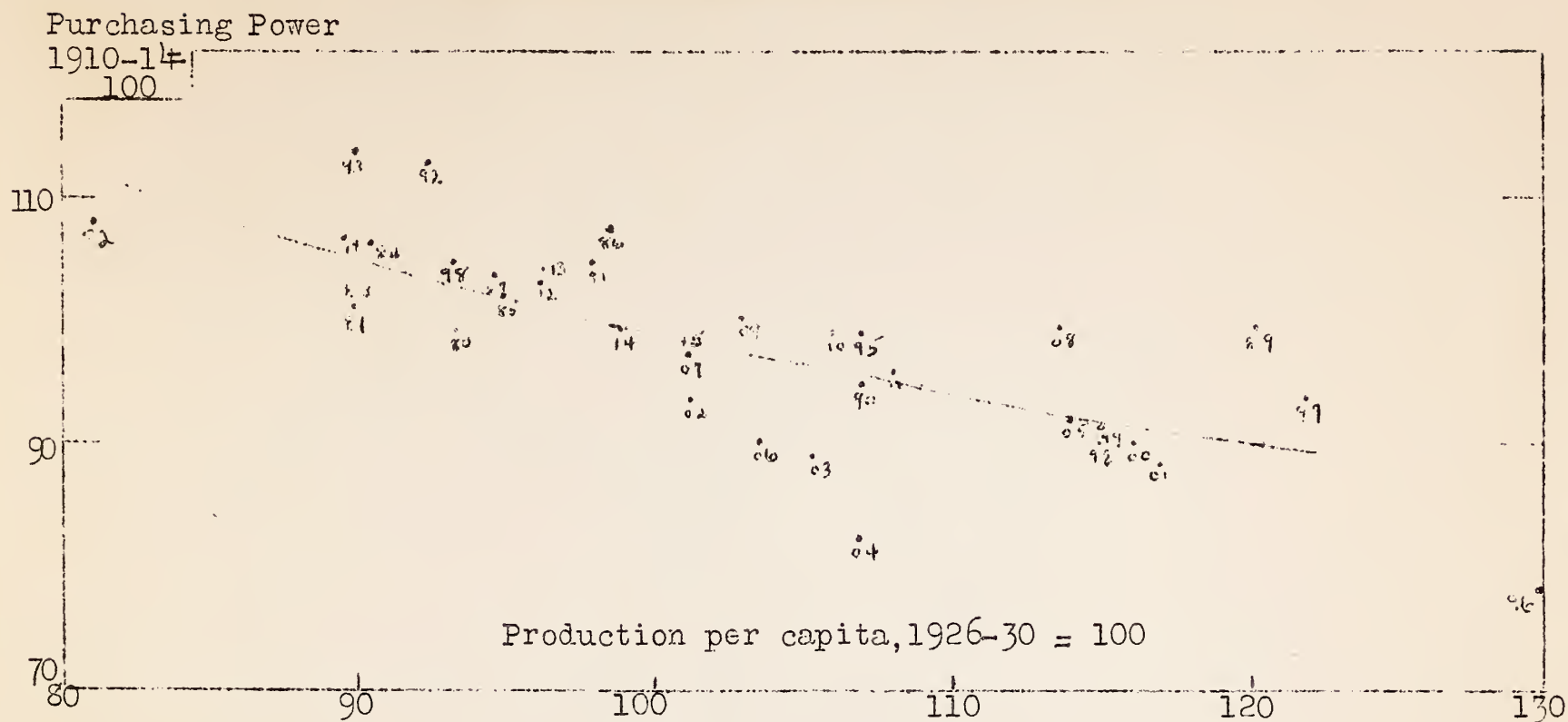
FIGURE 2.- BUTTER PRODUCTION PER CAPITA, 1849 - 1935
1926-30 = 100



Production of butter per capita rose from 1869 to 1896, declined during the 18-year period prior to the World War, but during the last 12 years has been relatively stable at slightly above the 1910-14 level.

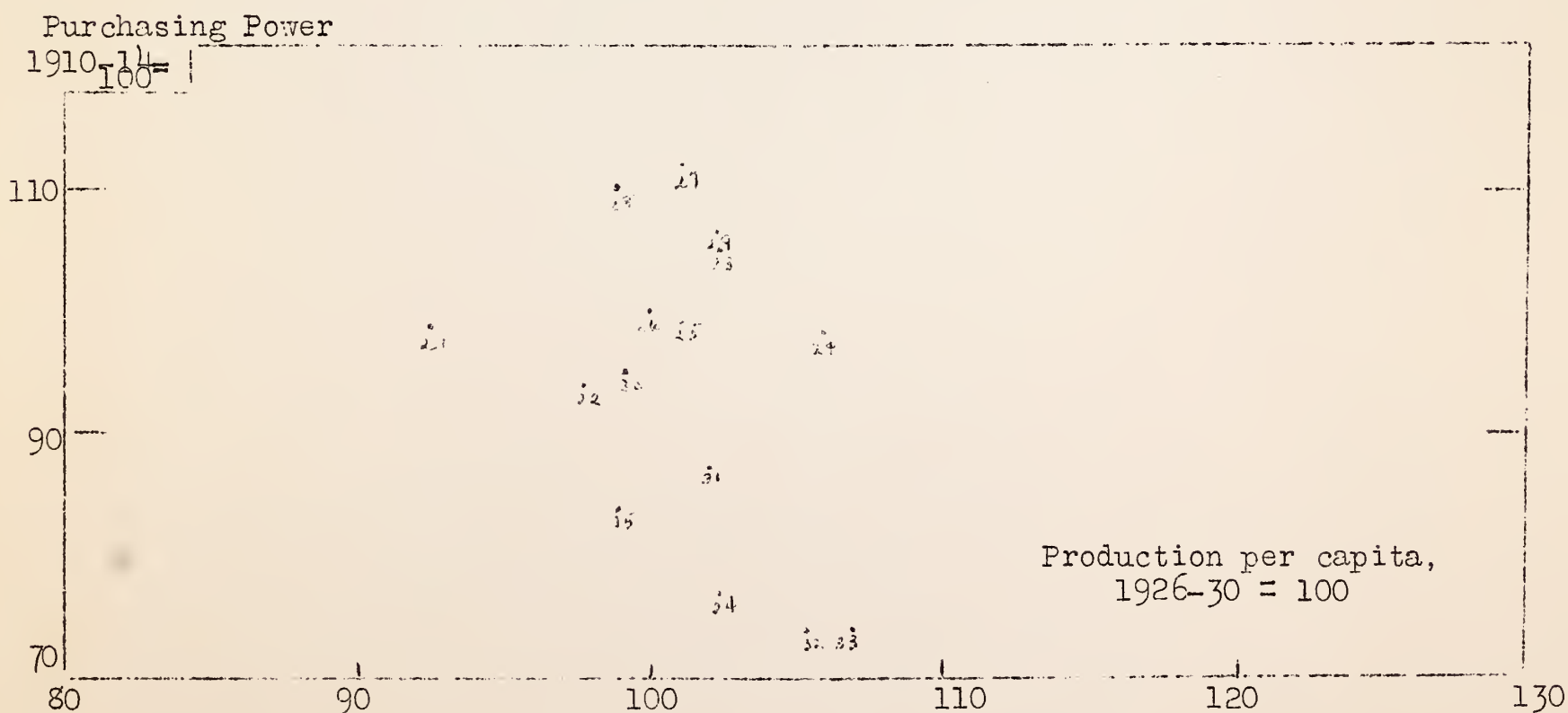
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FIGURE 3. - THE RELATIONSHIP OF BUTTER PRODUCTION PER CAPITA TO THE PURCHASING POWER OF BUTTER, 1880-1915



When production per capita was 90 the purchasing power was 105, and when production per capita was 110 the purchasing power was 94.

FIGURE 4. - THE RELATIONSHIP OF BUTTER PRODUCTION PER CAPITA TO THE PURCHASING POWER OF BUTTER, 1921-35



In the post-war period there was little or no relationship between production and purchasing power of butter.

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FIGURE 5. - INDEX NUMBER OF DEMAND FOR BUTTER
(Residuals from Supply Price Relationship, 1880-1915)



There appears to be a cycle in the variation of butter prices from the supply price relationship for the period 1880-1915.

- 4 -

FIGURE 6.- INDEX NUMBERS OF PHYSICAL VOLUME OF PRODUCTION PER CAPITA,
EXCLUSIVE OF AGRICULTURE BUT INCLUDING CONSUMPTION OF COTTON AND WOOL, 1840-1936
1926-30 = 100

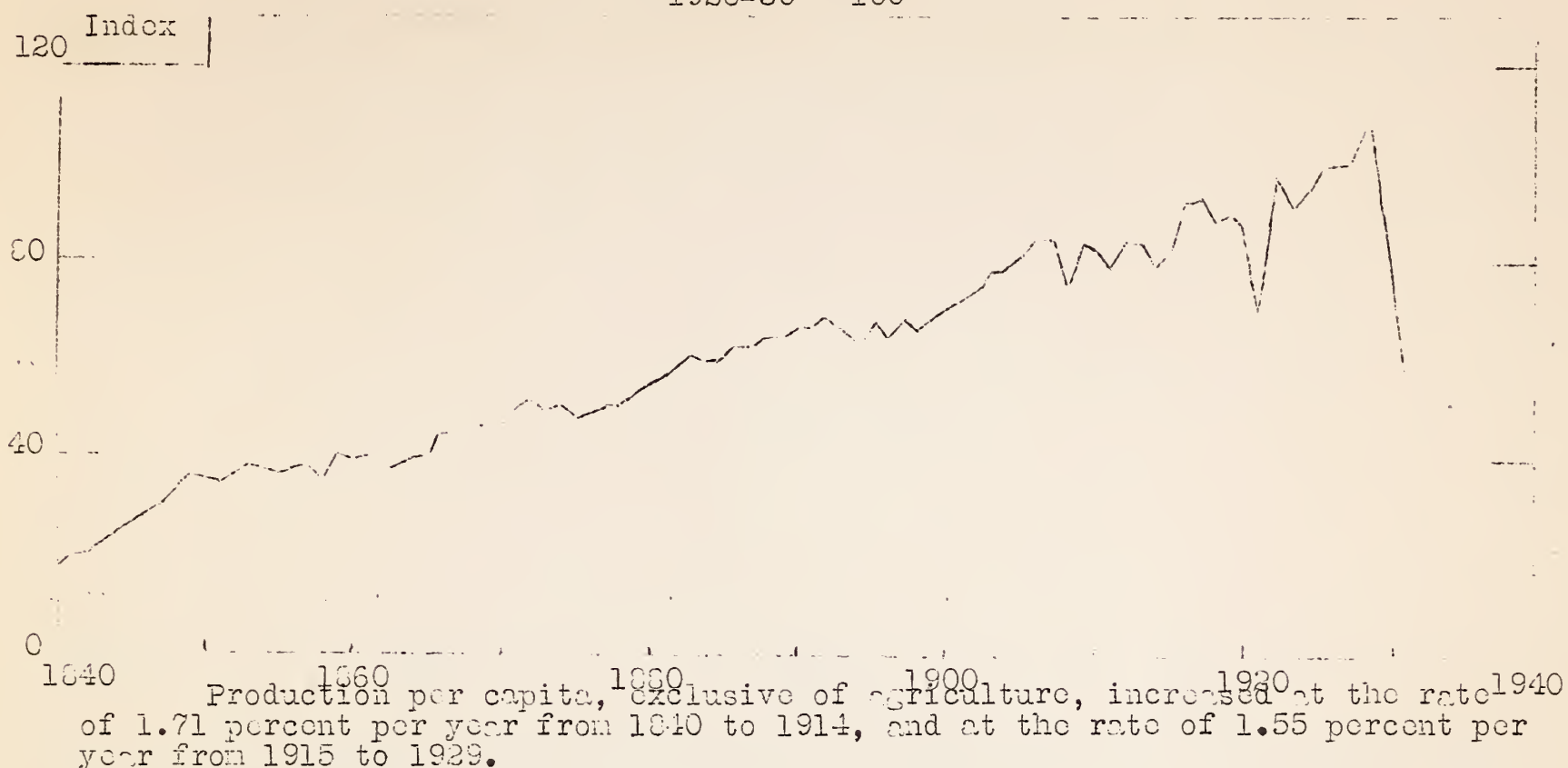


FIGURE 7.- INDEX NUMBERS OF PHYSICAL VOLUME OF PRODUCTION PER CAPITA,
EXCLUSIVE OF AGRICULTURE BUT INCLUDING CONSUMPTION OF COTTON AND WOOL, 1858-1936

(NORMAL, 18-YEAR MOVING AVERAGE = 100)



The periods in which production per capita was relatively high coincide in a rough way with the periods when building activity was above average.

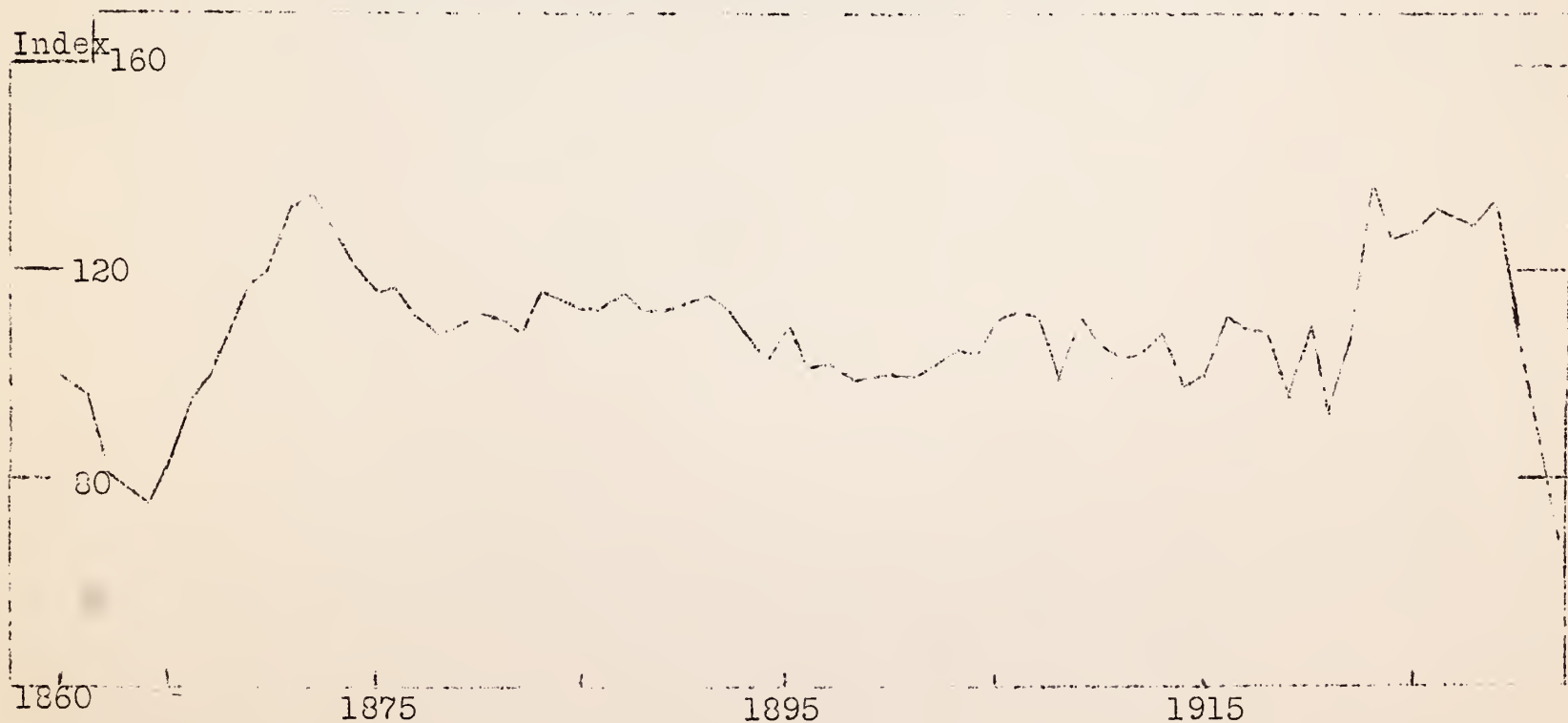
FIGURE 8. - INDEX NUMBERS OF PURCHASING POWER OF WAGE EARNERS' EARNINGS, 1857-1932



General trend of purchasing power has been upward but the increase has been at an irregular rate.

FIGURE 9. - INDEX NUMBERS OF PURCHASING POWER OF WAGE EARNERS' EARNINGS, 1860-1932

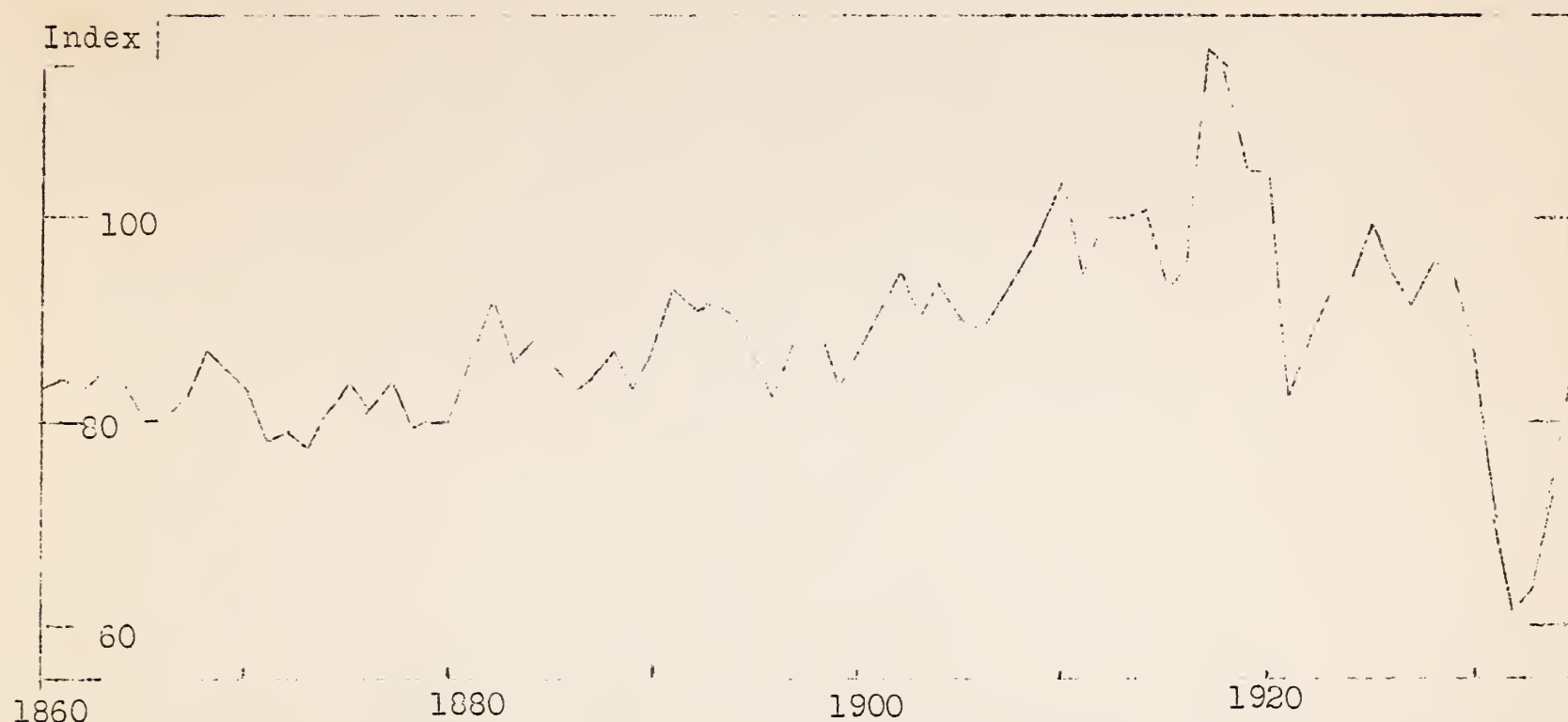
(Normal, 18-year moving average = 100)



Purchasing power of wage earners was relatively high in the early 1870's, in the 1880's, and from 1923 to 1929.

FIGURE 10. - INDEX NUMBERS OF PURCHASING POWER OF FARM PRODUCTS, 1860-1935

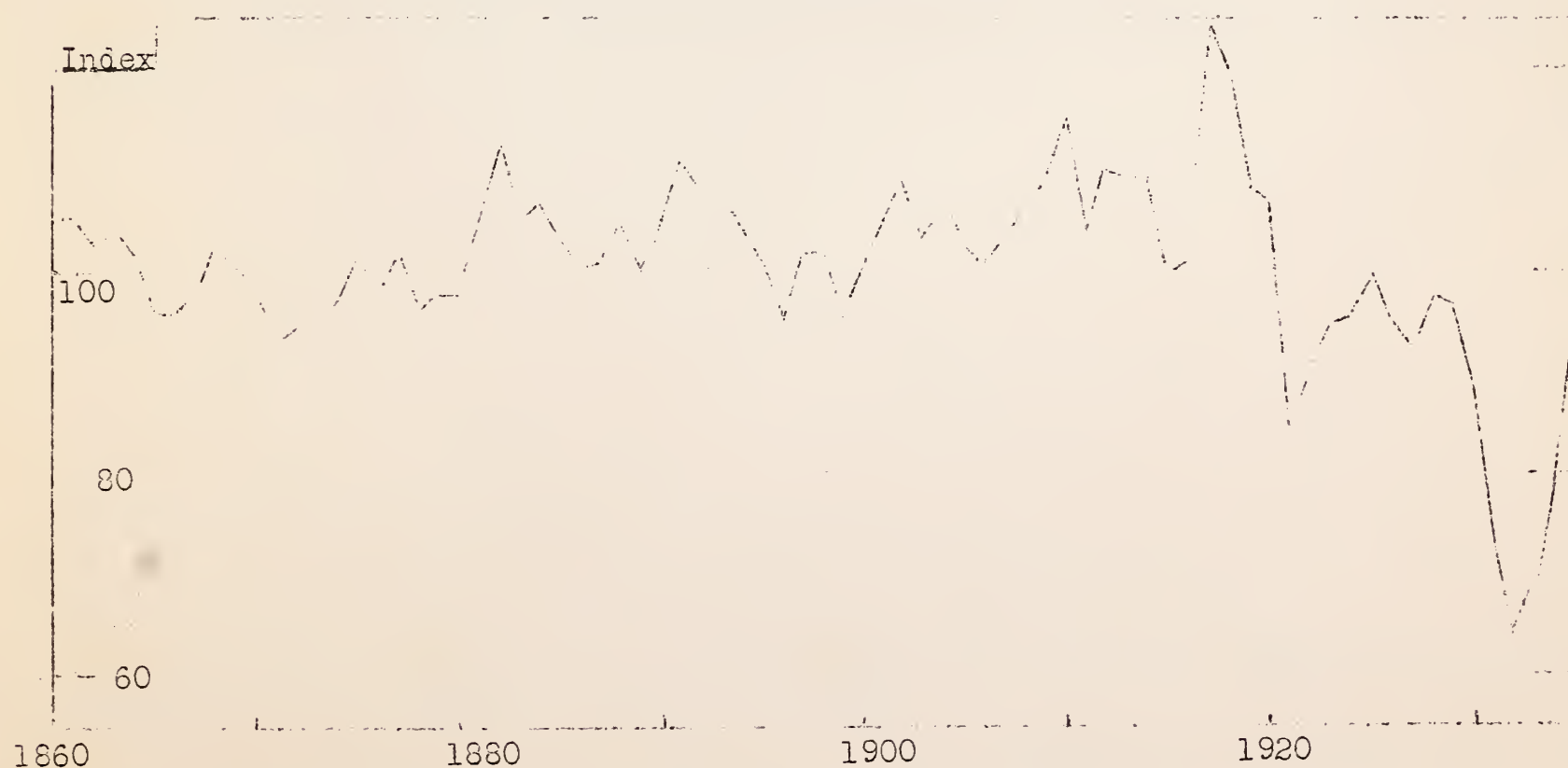
1910-14 = 100



From 1860 to 1920 the purchasing power of farm products rose.

FIGURE 11. - INDEX NUMBERS OF PURCHASING POWER OF FARM PRODUCTS, 1860-1935

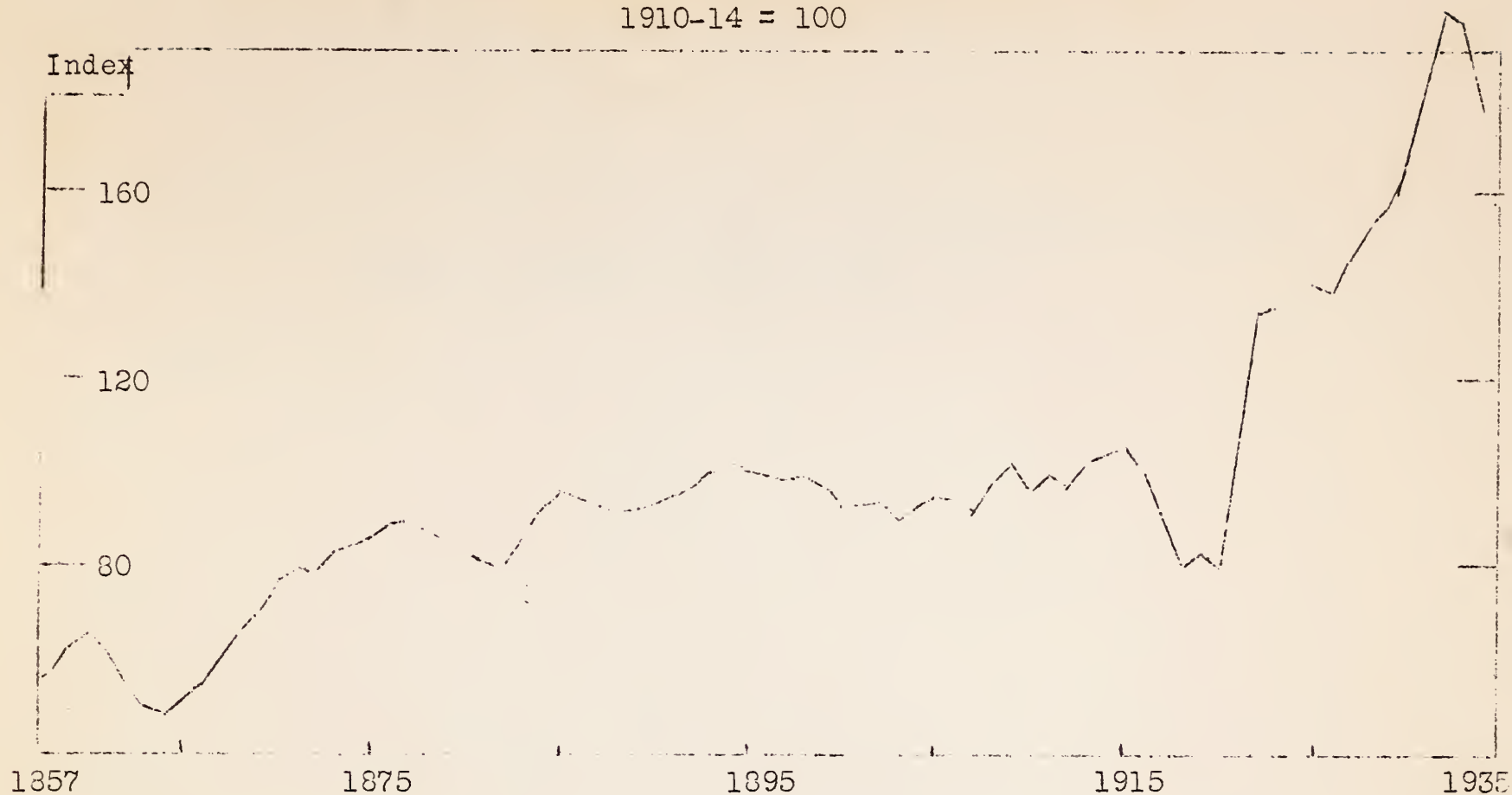
(Normal, 18-year moving average = 100)



Purchasing power of farm products increased at an irregular rate and purchasing power of farm products was unusually low in the post-war period.

FIGURE 12. - INDEX NUMBERS OF PURCHASING POWER OF SCHOOL
TEACHERS' SALARIES, 1857-1934

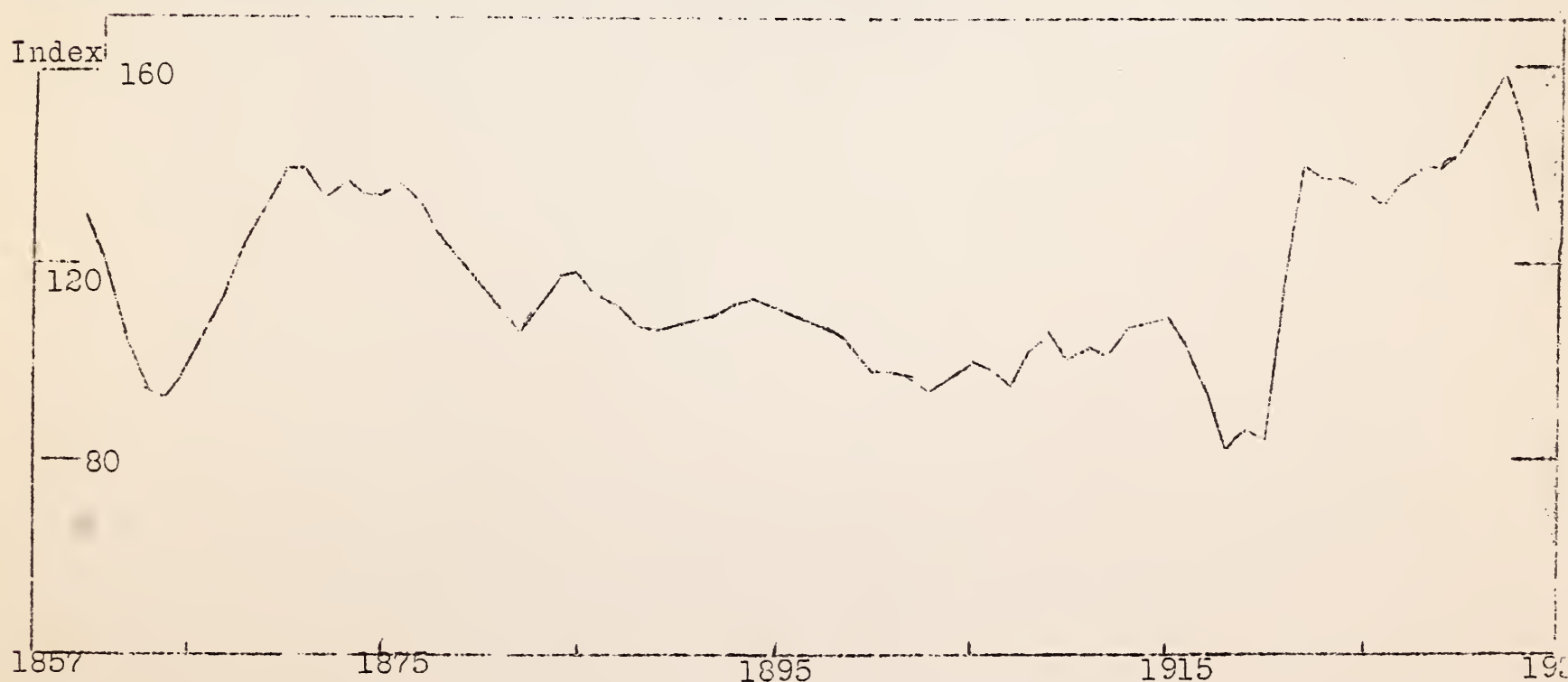
1910-14 = 100



The general trend in the purchasing power of school teachers' salaries has been upward. The increase in the post-war period was unusually rapid.

FIGURE 13. - INDEX NUMBERS OF PURCHASING POWER OF SCHOOL
TEACHERS' SALARIES, 1857-1934

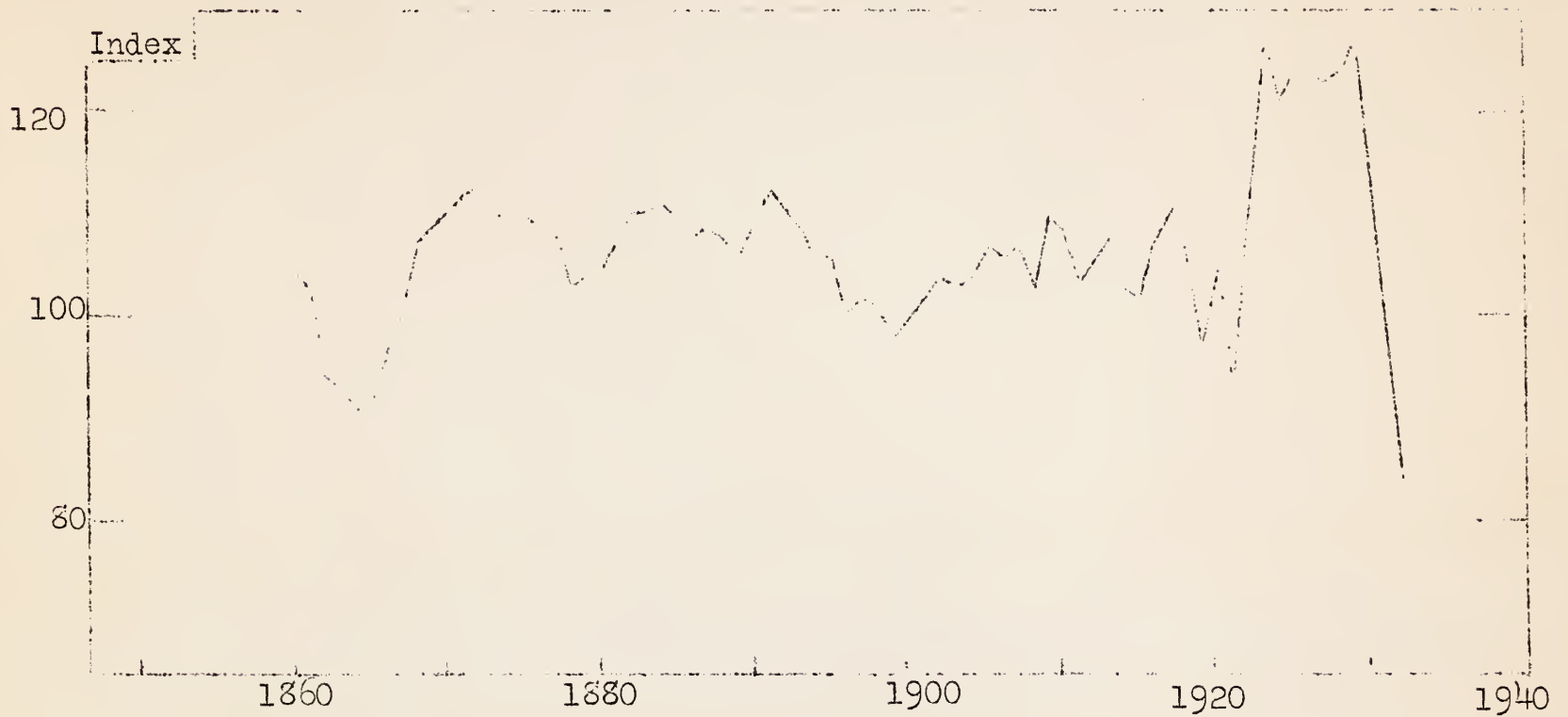
(Normal, 18-year moving average = 100)



The purchasing power of school teachers' salaries was decidedly below normal in the Civil War and World War periods.

FIGURE 14. - INDEX NUMBERS OF PURCHASING POWER PER CAPITA, 1860-1932

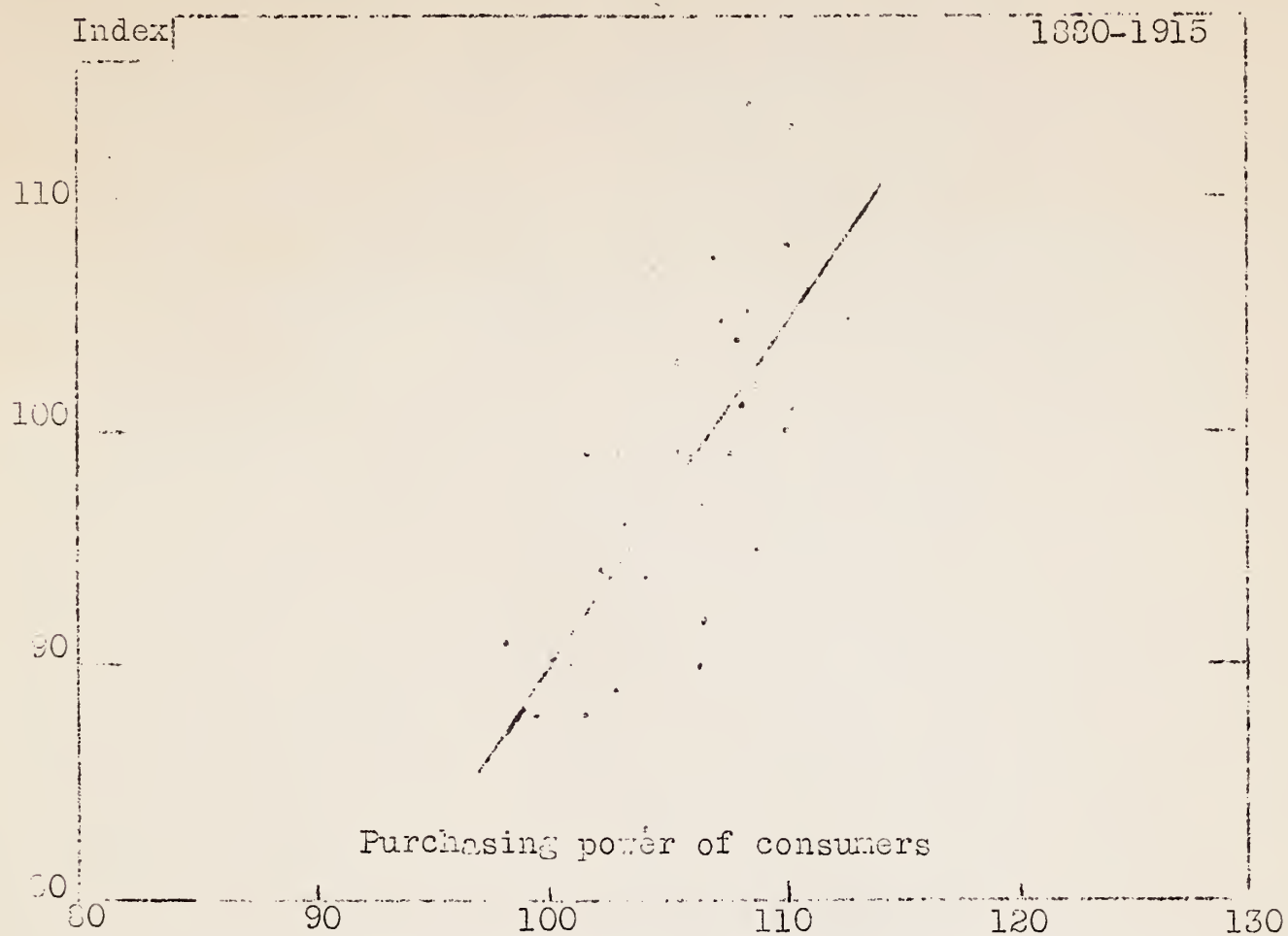
(NORMAL, 18-YEAR MOVING AVERAGE = 100)



Purchasing power was relatively high from 1869 to 1875, 1881 to 1893, 1905 to 1910, and from 1923 to 1929. These periods coincide in a rough way with the periods when building activity was above average.

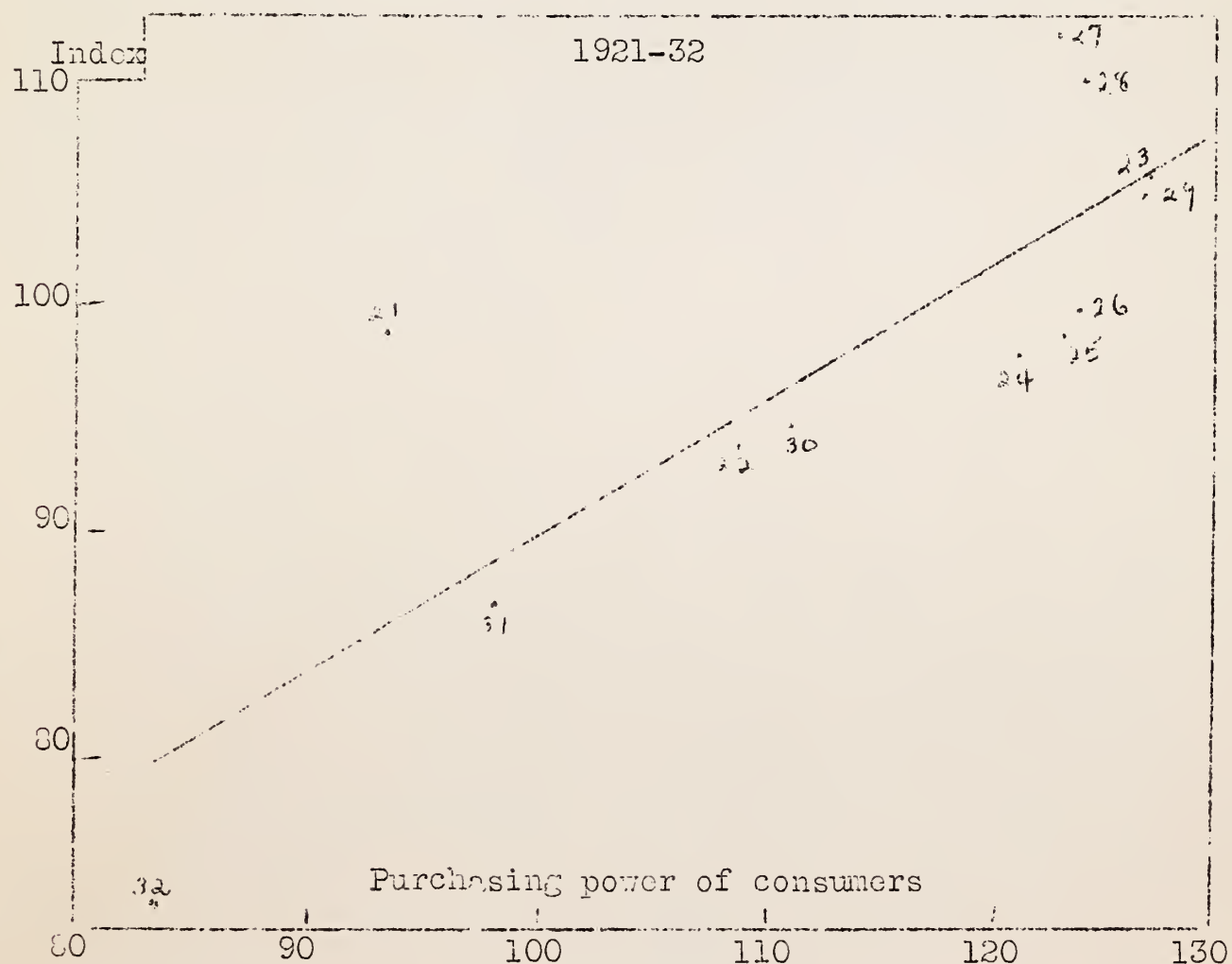
FIGURE 15.- RELATIONSHIP OF THE PURCHASING POWER OF CONSUMERS TO
THE PURCHASING POWER OF BUTTER, 1880-1915

P.P. of butter



A 1 percent rise in the purchasing power of consumers was accompanied by a rise of more than 1 percent in the purchasing power of butter.

FIGURE 16.- RELATIONSHIP OF THE PURCHASING POWER OF CONSUMERS TO
P.P. of butter THE PURCHASING OF BUTTER, 1921-32



The major fluctuations in the purchasing power of butter in the period 1921-32 were associated with changes in the purchasing power of consumers.

